THE IMPACT OF QUALITY AUDIT ON THE MANAGEMENT OF EARNINGS

Kais Lassoued*, Ibtissem Bacha**

Abstract

In a Tunisian context, the purpose of this research is to study the aspects related to the quality of external audit, relating to the opportunistic management of earnings. Indeed, we are interested in the aspect of handling the earnings as a means for the manager to achieve its objectives by publishing a result different from that which is achieved. Thus, the quality of external audit, as an essential element of the system of government of the companies, may be able to limit the process of accounting manipulation, and therefore to protect the interests of investors and creditors. Given these factors, there is a key question: To what extent can the quality of the external audit influence the opportunistic management of earnings in Tunisian businesses? In this research, our goal is to empirically test a sample of Tunisian companies listed on the stock market, the impact of audit quality on the opportunistic practice of earnings.

Keywords: Audit, Audit Committees, Earnings

** Assistant Professor, Abu Dhabi University, UAE*
*** PhD student, Faculty of Economics and Management of Tunis, Tunisia*

1. Introduction

Research on the quality of accounting information are becoming more and more numerous, since the financial and accounting scandals of recent years that have affected large corporations around the world (Enron, Worldcom, Parmalat ...).

These scandals have highlighted a lack of effectiveness of governance systems and led to a crisis of confidence which sowed doubts about the quality of accounting income as a reliable and relevant vehicle of the information on the performance of the firm. Auditors were then singled out and designated as primarily responsible for this situation; they are criticized a lack of independence and therefore an inability to control discretionary behaviors of leaders and protect the company's interests. Financial scandals have forcefully reminded that the leaders who were helped by the auditors still have the ability to manipulate the accounts to show a very strong financial position. The concept of accounting manipulation appears as an ability to voluntarily increase or decrease the reported net income (Stolowey and Breton, 2003). When leaders proceed to a change in the balance of the balance sheet, that is to say, publish a result closer to their aspirations, it is called "earnings management" (Vidal, 2008). Thus, the management of earnings can be seen as a choice or decision of leaders to steer or manipulate the accounting information published according to their interests or those of their companies. There are two modes of action to manage the earnings: Either a share in the operating cash flows or on the accruals (Jeanjean, 2003). Schipper (1989) holds the accounting management based on accruals. These correspond to the manipulation of accruals, used by managerial discretion, to get achieved earnings consistent with the expected earnings.

The temptation to manipulate earnings, leading to scandals that we know, has accelerated the introduction of new regulations in many countries. The change in regulation concerns the issue of auditors' independence and transparency of financial information. It aims to strengthen the control of managers through the development of corporate governance mechanisms to better protect the interests of shareholders and other stakeholders. This is to ensure a certain quality of accounting information to be protected from any opportunistic manipulation from the leaders.

The quality of this information largely depends on audit quality. Many authors such as (Knapp, 1991) have adopted a dual approach to define audit quality by distinguishing technical competence (the anomaly detection quality) of independence (revelation of quality defect). Citron and Taffler (1992) state that an audit report, will be of quality if it is the result of an audit process technically competent and independent. Unfortunately, the sought quality is not always easy to reach. Indeed, auditors are often faced with two conflicting situations: they want to satisfy their customers, but at the same time, they want to avoid a too great risk vis-à-vis third parties (Stolowy and

Breton, 2003).This is perfectly in line with the agency relationship born of the necessary separation between management and ownership in large organizations. Although the activity is currently well regulated by the government, several empirical studies show some differentiation of services rendered by the auditors; in fact, these services are not always equipped with the required quality.

In Tunisia, the financial scandals that have affected some listed companies (such as BATAM case) make us think, first about the context in which these companies evolve and then about the quality and efficiency of the governance system of these companies. The Tunisian accounting system leaves a great discretion to the leaders in preparing the financial statements of their companies, offering them the opportunity and the means to handle the results (Chabchoub and Mbrabet, 2007).

In a Tunisian context, the purpose of this research is to study the aspects related to the quality of external audit, relating to the opportunistic management of earnings. Indeed, we are interested in the aspect of handling earnings as a means for the manager to achieve its objectives by publishing a result different from that which is achieved. Thus, the quality of external audit, as an essential element of the system of government of the companies, may be able to limit the process of accounting manipulation, and therefore to protect the interests of investors and creditors. Given these factors, there is a key question: To what extent can the quality of the external audit influence the opportunistic management of earnings in Tunisian companies?

In this research, our goal is to empirically test on a sample of Tunisian companies listed on the stock market, the impact of audit quality on the opportunistic practice of earnings.

2. Perception of Audit Quality and Research Hypothesis

The auditor's task is to ensure the proper application of accounting rules and issue a reasoned opinion on the company's accounts. Auditors play a key role of fundamental external control which may limit performance management practices. However, all the auditors do not have the same guarantees of competence and independence, which can result in variable quality control according to the auditors. Literature has identified a number of factors that may affect the auditor's ability to be rigorous and independent. We present them in the following

2.1 Auditor's Choice

Overall, the large audit firms (Big N[6]) are known to provide differentiated quality audit services. Teoh and Wong (1993) confirm that the importance of material and technical means of the firm positively affects the quality of services of auditors and, consequently, negatively the importance of management of earnings. In any case, this fact «Big Four»[7] implies improving the quality of accounting disclosure of companies (Pittman JA, S. Fortin, 2004), the reduction of asymmetry and of the opportunistic behavior of the managers (Omri, Hakim and Triki, 2009).

Kim and al. (2003) conclude that «Big Five»[8] are differentiated from other firms by a more cautious approach in management situations to higher results, and probably because of the pressure that the American judicial system and the possibility of being impose substantial damage exerted on them. The authors found that the major international audit firms are more conservative vis-à-vis the accounting manipulations.

Therefore the first hypothesis of this study is as follows:

Hypothesis 1: The accounting income management is negatively associated with membership of the auditors to an international network (Big4).

2.2 The term of the auditor-audited relationship

The audit relationship duration is the period in which is supported the relationship between the auditor and the company. In fact, trust and personal relationships between the auditor and client feed over the years in office (Zehri, 2007). In this case, the auditor may be less rigorous in the application of its audit methodology and more complaisant with the client (Manita and Chemangui, 2007). In contrast, Iyer and Rama (2004) note that no evidence showing that a long term of office decreases the independence of the auditor. Empirically, the results are also mixed. Indeed, authors such as Davis and al. (2002) see that companies have more flexibility in their accounting practices, as the duration of the relationship increases. While others such as Myers and al. (2003) argue that a long duration of the audit relationship helps reduce discretionary accruals.

This leads us to the following hypothesis:

Hypothesis 2: the earnings management is positively associated with the length of the auditor-audited relationship.

2.3 The sectorial specialization of the auditor

The Sectorial specialization of the auditor has an indicator of the audit quality. It is based on training and practical experience gained during the audit in a particular business (Gramling and Stone, 2001). Audit

[6] The major international networks of accounting firms that form the Big 8 (now Big 4).

[7] Big Four (2002) PricewaterhouseCoopers; Ernst & Young; Deloitte and KPMG

[8] Big five(1998): Price Watherhouse Coopers; Ernst & Young; Deloitte & touché; KPMG et Arthur Andersen

firms having a high number of customers in the same area, have the advantage of having a detailed understanding of the business of their client and of controlling and mastering audit risk related to their business. By performing the audit several times for the same client, auditors will have a better understanding of the customer's information system and thus a better knowledge of risks related to its financial system (Manita and Chemangui, 2007).This reasoning leads us to the following hypothesis:

Hypothesis 3: earnings management is negatively associated with the sectorial specialization of the auditor.

2.4 The co-auditorship[9]

The co-auditorship operates with its own rules for the purpose of leading to a better quality audit. Piot and Janin (2005) point out that the joint audit offers the possibility of mutual verification of the procedures carried out by the auditors and strengthens the independence of auditors.

According to Ebondo (2006), the joint audit independence would provide a guarantee against the pressure carried on by the company. It starts from the idea that it is difficult for leaders to compromise the two auditors at the same time. In addition, Piot and Schatt (2010) argue that this independence is pressed down when the company is faced with two auditors and under these conditions the collusion between managers and auditors becomes less easy. This leads us to formulate the following hypothesis:

Hypothesis 4: There is a relationship between earnings management and the joint audit.

3. Research Methodology

3.1 Presentation of the study model

To answer our research objective to measure the impact of audit quality on the opportunistic practice of accounting result, we use a linear regression.

The model to test takes the following form[10]:

$$ABSADit = \alpha 0 + \alpha 1\ BIG4it + \alpha 2TENUREit + \alpha 3SPECit + \alpha 4\ CO\text{-}CACit + \alpha 5DUALit + \alpha 6LEVit + \alpha 7SIZEit + \varepsilon it$$

3.2 Measurement of study variables

3.2.1 The dependent variable: the management of results

The methodology by accruals allows appreciate the magnitude of earnings management. In our study, we use discretionary accrulas to detect the manipulation of accounting results. Since these components of the financial results are not directly calculated, researchers use models to estimate discretionary accruals (Zehri, 2007). However, we have to note that most studies that have addressed performance management have adopted the model of Jones (1991) otherwise the modified version of the model. In our research we adopt the model developed by Dechow, Sloan and Sweeney (1995) which is actually a modified model of Jones.

3.2.2 The independent variables: variables of audit quality

In our linear regression model of the procedures associated with audit quality variables are coded 0 or 1. Thus the variable "choice of the auditor" (BIG4) takes the value 1when the company's auditor belongs to "Big "and 0 otherwise.

The variable "auditor-audited relationship" (TENURE) takes the value 1 if the number of the previous consecutive years by the auditor in the audit of the company exceeds three years, 0 otherwise.

The variable "sectoral specialization of the auditor" (SPEC) takes the value 1 if the auditor has a market share (share) of at least 10%, 0 otherwise. This share is measured by the turnover of audited companies belonging to the same sector with at least six companies per sector[11].

Finally, the variable "co-statutory auditors" (CO-ACC) takes the value 1 when the listed company is controlled by two auditors and 0 otherwise.

3.2.3 The control variables

Duality

According to several authors[12], the accumulation of the functions of the CEO and the chairman of the board could be detrimental to the performance of the company and in particular to the quality of financial information disclosed in the financial reports and foster managing for results. Duality (DUAL) is a binary variable that takes the value of 1 if the same

[9] The Tunisian public accounting Corporation (2006) defines the co-auditorship as "the exercise by two or more members or professional firms registered on the Order of Chartered Accountants of Tunisia with a mission of auditorship to carry out separately the required due diligence, to take responsibility and to express an opinion in accordance with the regulations and professional standards and adopted by the Order of Chartered Accountants of Tunisia. »

[10] With : ABSAD : Absolute Value of the discretionary accruals, estimated in accordance with the model of Dechow et al. (1995) adjusted by the model of Kothari et al., (2005) ; BIG4 : auditor's choice; TENURE: term of the auditor-auditee relationship; SPEC : sectoral specialization of the listener; CO-CAC : co-statutory auditor; DUAL : cumulated functions of the CEO and the Chairman; LEV : level of debt; SIZE : size of the company ; εit : represents the error term ; α0, α1, α2, α3, α4, α5, α6, α7 : represent the unknown model paramters; i represents the company and t represents the period considered for the estimation

[11] Six companies per sector according to the customer portfolio (including companies in the sample) for each auditor

[12] Peasnell and al. (2005) ;Dechow and al. (1996) ; Lau and al. (2009) ; Rachdi and El Gaied (2009).

person occupies the position of the CEO and then Chairman of the Board of Directors, 0 otherwise. We believe that there is a positive relationship between earnings management and the accumulated functions of the CEO and the chairman.

Indebtedness

According to much research[13], we expect an increase in discretionary accruals for firms with high debt levels. So there is a positive relationship between the extent of income management and debt ratio. Inspired by the same research, we measure the level of debt of the company (LEV) by the ratio of financial debt to total assets.

The company size

According to Watts and Zimmerman (1986), large enterprises are more subject to scrutiny by financial analysts and investors as smaller companies, due to a larger market capitalization; therefore, they suffer from greater political pressure. We assume that there is a negative relationship between firm size and result management. The firm size (SIZE) is measured by the Napierian natural logarithm of book value of the total assets.

3.3 Sample and Data Collection

We chose to do our study on a sample of 27 public anonymous Tunisian companies listed to the Stock Exchange of Tunis (TSE) observed during the period 2006-2009 in various industries[14]. Note that the data on the choice of the external auditor, the duration of the audit relationship and co-statutory auditors are obtained from the websites of the Tunisian Stock Exchange (TSE) and Financial Market Council (FMC). On the other hand, the data of sectorial specialization of auditors are obtained by administering a questionnaire to accountants of the studied sample companies.

4. Analysis of Results

To test hypotheses about the relationship between the quality of external audit and performance management, we will conduct a multivariate modeling based on a GLS regression (generalized least squares) .The correlations between the explanatory variables are quite low which proves that the model does not suffer from the problems of multicollinearity.

The results of GLS regressions from estimating the parameters of our study are summarized in the following Table 1:

[13] Defond and Jiambelvo (1991), Sweeny (1994), Lee and Stone (1995) and Dechow and al. (1996).

[14] We excluded financial institutions from our sample. Indeed, the accounting rules on financial sectors are very specific and quite different from those applicable to other sectors in terms of net income. We have also excluded the newly introduced traded companies

Table 1. The results of regression of the model of the study

Variables	Predicted Sign	α_i	Z
Constant		0.1655108	8.23***
BIG4	-	-0.0022592	-1.59
TENURE	+	-0.0019547	-2.07**
SPEC	-	-0.0001264	-0.12
CO-CAC	-	0.0175623	7.84***
DUAL	+	-0.0055562	-4.85***
LEV	+	0.0034544	1.58
SIZE	-	-0.0077844	-6.70***
Wald chi2 (7) = 118.54* **			

Panel: cross-sectional time-series FGLS regression

*The coefficients of the linear estimation (αi) and regression coefficients (Wald statistic chi2 'z') in relation to each of the variables included in the model fit. *, ** And *** indicate a bilateral critical probability at the 10%, 5% and 1% respectively. Number of companies: 27 Number of years: 4 years (2006 to 2009). Our calculations per stata10.*

It appears that the Wald Khi Two of overall significance of the regression of a value of 118.54 (7 Degree of Freedom) for the measure of discretionary accounting adjustments is significant at a level Less than 1%. Hence we conclude to the rejection of the null hypothesis of equality of all zero coefficients. On the Other Hand, the coefficient of determination R2 seems satisfactory. It indicates that 46.77% of the inter-individual variability of the level of accruals among Tunisian companies is explained by the quality of the external audit and other control variables of our study. The constant has a significant and positive effect on discretionary accruals which proves that we can induce other variables in the model.

This table allows us to identify the regression results establishing the relationship between the absolute value of discretionary accruals and the explanatory variables.

The choice of the auditor (BIG4)

The explanatory variable on the auditor choice (BIG4) has the expected sign. Specifically, it has a negative but insignificant coefficient α1. The choice of the auditor of a firm belonging to the 'Big Four' does not seem to have any effect on performance management which does not support the theoretical predictions from the occidental literature. This result, however, aligns with that of Dammak (2003) and Zehri (2007) in the Tunisian context.

The non-significance of this variable can be explained by:

- The tendency of major local audit firms to minimize the discretionary latitude of leaders. These seem to be more conservative than the Big Six (now Big Four) against opportunistic accounting choices of managers (Zehri (2007).

- The low level of professionalism of accounting as well as the function of auditing in Tunisia compared to the level reached in the Anglo-Saxon countries. As such, the Tunisian disciplinary regime exercised against the Big Six has limited effectiveness against the US disciplinary regime (Zehri, 2007).

- The unsuitability of our results, obtained in the Tunisian context, to the theory of audit quality as described by DeAngelo (1981).

The term of the auditor-auditee relationship (TENURE)

The α2 coefficient for TENURE variable is significant and has a negative sign. Therefore, it appears that the duration of the audited auditor relationship works against management .This result is against Knapp (1991), Nagy (2005) and Carey and Simnett (2006) and aligns with Frankel and al. (2002), Myers et al. (2003) and Gul et al. (2009).

The negative relationship between the seniority of the audit duration and results management relationship can be explained as follows:

- Trust and personal links between the auditor and his client grow over the years of the mandate. The idea that listeners gain more familiarity with the customer over time allows them to detect opportunistic use of regularization.

- The advancement of time in the performance of a given mandate allows the auditor a better control and knowledge of his client, a better quality of offered service and therefore less earnings management.

- Auditors gain the benefits of experience and institutional knowledge that seniority mandates obtain which means that audit quality, particularly in its “auditor competence” dimension, increases with time.

Sectoral specialization of the listener (SPEC)

Sectoral specialization of the auditor has a negative but insignificant coefficient α3. Sectoral specialization of the auditor does not seem to have any effect on performance management which did not corroborate with the theoretical predictions. Thus, our hypothesis, which states that there is a negative relationship between sectorial specialization of the auditor and the management of the results, is reversed in the Tunisian context. This result is in line with those generated by Gul et al. (2009). This result can be explained by:

- The rules on accounting and publishing of financial information relating to the industries of our sample companies.
- Linearity between sectoral specialization and competence of the auditor measured by seniority.

The co-statutory auditor (CO-ACC)

The co-statutory auditor identifies a coefficient α4 positive and significant sign. This result

Indicates that the co-auditorship positively and significantly affects the management of the earnings. In our sample, the majority of companies with co-commissioners are audited by auditors from large and small firms. It seems, then, that Big benefit from a co-commission with a No Big firm to allocate work to their advantage, thus preserving their reputation in case of problems. Consequently, there is a presumption of inefficiency Co-CAC in terms of expectations of audit quality (Piot and Schatt, 2010).

Concerning the control variables, we see that the dual variable (DUAL) has a negative and significant effect. In other words, it seems that the numerous functions of the Chairman and the CEO, and contrary to our prediction, hinder interference to earnings management. This is close to the conclusions of Brickley and al. (1997) who argue that the dual functions is beneficial to the company's performance and the quality of financial information disclosed in the financial reports.

The Independent variable related to the level of debt (LEV) has the expected sign. Specifically, it has a positive coefficient α6 but not significant. The debt level has no significant effect on the handling of discretionary accruals.

Finally, the variable size of the company (SIZE) has the expected effect on the discretionary accruals. Indeed, the α7 coefficient sign associated with this variable is negative and is significant in a lower threshold than 1%.

In summary, we recapitulate the results of the multivariate analysis in the following Table 2:

Table 2. Summaries of study results

Explicative variables of performance management	Intended Sign	Found Sign	significance
Research Hypotheses			
H1: earnings management is negatively associated with membership of the auditors to an international network (Big4).	-	-	NS
H2: earnings management is positively associated with the duration of the auditor-auditee relationship	+	-	S
H3: earnings management is negatively associated with sectoral specialization of the listener	-	-	NS
H4: earnings management is negatively associated with co-police	-	+	S
Control Variables			
Accumulated functions of the CEO (DUAL)	+	-	S
Debts (LEV)	+	+	NS
Size of the company (SIZE)	-	-	S
S : significant variable ; NS : non significant variable			

The cumulated functions of the CEO and the Chairman (DUAL)

As part of the agency theory, Jensen (1993) proposes to separate the roles of the Chairman and those of Chief Executive to improve the level of control and effectiveness of the board. Brickley and al. (1997) point out however that the separation of these functions can also create new costs associated with controlling the behavior of the new Chairman and the cost of information. Let us add that in addition to the perturbation of the Directors succession process, the authors also show that the separation of the two studied functions may dilute the power of leadership, create rivalries, increase opportunistic behavior among outside managers and not being able to identify the person responsible for bad business performance.

Unlike most empirical studies on duality, Brickley and al. (1997) therefore conclude that both studied roles are beneficial and is generally consistent with the interests of shareholders for the large American companies. Thus, under Article 208 of the tunisian Commercial Companies Code: "The Board of Directors shall elect a president who has the quality of CEO. There must be a natural person shareholder of the company and that, on pain of nullity of his appointment. The Board of Directors determines the remuneration of the present CEO... The Board of Directors may revoke it at any time ... ". In this circumstance, leaders act in the best interest of the company and shareholders when they occupy both positions at a time. In contrast, we find that companies have opted to combine the functions are more profitable in the long term, confirming the key role played by the leader to create value. As for the relationship between earnings management and the cumulated functions of control and management within the board of directors, there is little research that has addressed the issue.

Level of Debt (LEV)

Within the meaning of Defond and Jiambalvo (1991) and Sweeney (1994), the higher the debt level is, the more the manager uses the accounting manipulations to avoid possible violations of covenants contained in the debt contracts. However, our results do not seem to converge with our expectations that companies with high debt levels will increase their discretionary accruals. Indeed, the variable (LEV) has no effect on the earnings management and our expectations are thus reversed in the Tunisian context.

The Size of the company (SIZE)

The result confirms the hypothesis of political costs (Liberty and Zimmerman, 1986; Zimmerman, 1983) .We have now found that the large companies manage less their earnings without worrying about cumbersome fiscal constraints, as is under the positive theory. According to our expectations, earnings management is negatively associated with firm size. Our expectations are then confirmed in the Tunisian context.

Conclusion

The main objective of this research was to evaluate the impact of the quality of external audit on earnings management of listed Tunisian firms. The results from our empirical investigation show that only the variable "length of relationship Auditor- audited" and the variable "co-statutory auditors" have a significant impact, through the manipulation of discretionary accruals on performance management. In addition, although the duration of the relationship Auditor-audited is a factor that limits the opportunism of the leader, the joint audit spring as a stimulant of discretionary accruals. However, the results of our study suggest that auditors "Big Four" and sectoral specialization of the auditor does not affect the discretionary component of the result.

Furthermore, the analysis of the results related to control variables mentions that the combine functions constitute a barrier to accounting manipulation. Similarly, it appears that the more the size of the firm increases, the more magnitude of the result of the management decreases. However the results show that the variable "level of debt, has no effect on earnings management.

These results reflect the overall state of specific governance in Tunisian context. Indeed, the difference in our results from those found in the US and European context can be explained by the specificity of the Tunisian environment especially in the legal framework and the degree of financial market development.

Our research is in a relatively new Tunisian financial market, which is also restricted, very little exposed to the outside and therefore underdeveloped compared to its European and American counterparts, but this market has experienced some major financial scandals that generated a crisis of confidence in the financial statements of companies and consequently in the audit quality provided to these companies. These scandals have prompted Tunisian authorities to strengthen the rules of corporate governance (Law No. 2005-96) that are still likely to be circumvented by those close to power up before the revolution.

In continuation of this research, it would be appropriate to review the validity of the assumptions of our study on a larger sample and over a longer period. It would be interesting to conduct a comparative study of the effectiveness or ineffectiveness of audit quality before and after the application of Law No. 2005-96, taking into account the revolution effect supposed to create a climate of transparency and compliance with regulations.

References:

1. Beasley M.S. & Petroni K.R., (2001), ‘‘Board independence and audit firm type‘‘, Auditing: A journal of practice & theory, Vol.20 No.1, pp. 97-114.
2. Bennecib J. (2002), ‘‘Proposition d’un modèle de l’efficacité du co-commissariat aux comptes dans les sociétés anonymes cotées françaises‘‘, Actes du 23ème Congrès Annuel de l'Association Francophone de Comptabilité (AFC), Mai, Toulouse, France.
3. Brickley J., Coles J., Jarrell G. (1997), ‘‘Leadership Structure: Separating the CEO and Chairman of the Board‘‘, Journal of Corporate Finance, Vol.3, pp. 189-220.
4. Carey P., Simnett R. (2006), ‘‘Audit Partner Tenure and Audit Quality‘‘, Accounting Review, Vol.81 No.3, pp. 653-676.
5. Chabchoub M. & Mbrabet M. (2007), ‘‘Gestion du Résultat et Introduction en Bourse : Cas des Entreprises Tunisiennes‘‘,Actes du 28ème Congrès Annuel de l'Association Francophone de Comptabilité (AFC), Mai, Poitiers, France.
6. Cohen A., Dey A., Lys T. (2008), ‘‘Real and accrual-based earnings management in the pre- and post-Sarbanes Oxley periods‘‘, The Accounting Review, Vol.82 No.3, pp. 757-787.
7. Dammak M. (2003), ‘‘La gestion des résultats: mesures, motivations et contraintes‘‘, Actes des 17ème Journées Nationales des IAE, Septembre, Toulouse, France.
8. Davis L. R., Soo B., Trompeter G. (2002), ‘‘Auditor tenure, auditor independence and earnings management‘‘, Working paper, Boston: Boston College.
9. DeAngelo L.E. (1981), ‘‘Auditor independance, ‘low balling’, and disclosure regulation‘‘, Journal of Accounting and Economics, Vol.3, pp. 113-127.

10. Dechow P.M., Sloan R.G. & Sweeney A.P. (1995), ''Detecting Earnings Management'', The Accounting Review, Vol.70 Vol.2, pp. 193-225.
11. Defond M.L., Jiambalvo J. (1991), ''Incidence and circumstances of accounting errors'', Accounting Review, Vol.66, pp. 643-655.
12. Defond M.L., Raghunandan K., Subramanyam K.R. (2002), ''Do Non Audit Service Fees Impair Auditor Independence? Evidence from Going Concern Audit Opinions''. Journal of Accounting Research, Vol.40 No.4, pp. 1247-1274.
13. Deis D.R., Giroux G.A. (1992), ''Determinants of Audit Quality in the Public Sector'', The Accounting Review, Vol.67 Vol.3, pp. 462-479.
14. Ebondo E. (2006). La gouvernance d'entreprise : Une approche par l'audit et le contrôle interne, L'Harmattan, Paris.
15. Fama E.F., Jensen M.C. (1983), ''Separation of ownership and control''. The Journal of Law and Economics, Vol.26 No.2, pp. 301-325.
16. Francis, J.R. Krishnan J. (1999), ''Accounting Accruals and Auditor Reporting Conservatism'', Contemporary Accounting Research, Vol.16, No.1, pp. 135-165.
17. Francis J.R., Richard C., Vanstraelen A. (2009), ''Assessing France's joint audit requirement: are two heads better than one? '', Auditing: A Journal of Practice and Theory, Vol.28 No.2, pp. 35-63.
18. Frankel R.M., Johnson M.F., Nelson K.K. (2002), ''The relation between auditors' fees for non-audit services and earnings management'', The Accounting Review, Vol.77, supplement, pp. 71-105.
19. Gramling A.A., Stone D.N. (2001), ''Audit firm industry expertise: A review and synthesis of the archival literature'', Journal of Accounting Literature, Vol.20 No.1, pp. 1-29.
20. Gul F.A., Fung S.Y.K., Jaggi B. (2009). ''Earnings Quality: Some Evidence on the Role of Auditor Tenure and Auditors' Industry Expertise'', Journal of Accounting and Economics, Vol.47 No.3, pp. 265-187.
21. Iyer V.M., Rama D.V. (2004). Clients' Expectations on Audit Judgments: A Note. Behavioral Research in Accounting, Vol.16, pp. 63-74.
22. Janin R., Piot C. (2008). L'influence des auditeurs externes et des comités d'audit sur le contenu informatif des manipulations comptables. La Revue des Sciences de Gestion, No. 233, pp. 23-34.
23. Jeanjean T. (2003). Gestion du résultat : mesure et démesure. Dauphine, Cahier de Recherche No.13, CEREG, Université Paris Dauphine.
24. Jensen M.C. (1993), ''The modern industrial revolution, exit and the failure of internal control systems'', Journal of Finance, Vol.48 No.1, pp. 831-880.
25. Jensen M.C., Meckling W.H. (1976), ''Theory of the firm: Managerial behaviour, agency costs and ownership structure'', Journal of Financial Economics, Vol.3 No.4, pp. 305-360.
26. Kim J.B., Chung R., Firth M. (2003). ''Auditor Conservatism, A symetric Monitoring and Earnings Management'', Contemporary Accounting Research, Vol.20 No.2, pp. 323-359.
27. Knapp M.C. (1991), ''Factors That Audit Committee Members Use as Surrogates for Audit'', Quality Auditing, Vol.10 No.1, pp. 35-53.
28. Kothari S., Leone A., Wasley C. (2005), ''Performance Matched Discretionary Accrual Mesures'', Journal of Accounting & Economics, Vol.39 No.1, pp. 163-197.
29. Krishnan G. (2003), ''Does big 6 auditor industry expertise constrain earnings management?'', Accounting Horizons, Vol.17, pp. 1-16.
30. Lee T. et Stone M. (1996), ''Competence and Independence: the congenial twins of auditing'', Journal of Business Finance and accounting, Vol.22 No.8, pp. 1169-1177.
31. Manita R., Chemangui M. (2007), ''Les approches d'évaluation et les indicateurs de mesure de la qualité d'audit, étude critiques'', Actes du 28ème Congrès International de l'Association Francophone de Comptabilité, Mai, Poitiers, France.
32. Marmousez S. (2008), ''The choice of joint-auditors and earnings quality : Evidence from French listed companies'', 31st Annual Congress of the European Accounting Association, Rotterdam, Holland.
33. Menon K., Williams D.D. (2004), ''Former Audit Partners and Abnormal Accruals'', The Accounting Review, Vol.79 No.4, pp. 1095-1118.
34. Myers J.N., Myers L.A., Omer T.C. (2003), ''Exploring the term of the auditor -client relationship and the quality of earnings: A case for mandatory auditor rotation? '', The Accounting Review, Vol.78, pp. 779-799.
35. Nagy A. (2005), ''Mandatory audit firm turnover, financial reporting quality, and client bargaining power: The case of Arthur Andersen'', Accounting Horizons, Vol.19 No.2, pp. 51-68.
36. O'Keefe T., King R., Gaver K. (1994), ''Audit fees, industry specialization, and compliance with GAAS reporting standards'', Auditing: A Journal of Practice &Theory ,Vol.13, pp. 41-55.
37. Omri A., Hakim F., Triki F. (2009). Impact de l'audit externe sur la qualité du résultat comptable: Cas des entreprises tunisiennes cotées. Revue gouvernance, Automne, Vol.6 No.2.
38. Piot, C., & Janin, R. (2004), ''Qualite de l'audit, gouvernance et gestion du résultat comptable en France", 25eme Congres de l'Association Francophone de Comptabilité, Mai, Orléans, France.
39. Piot C., Janin R. (2005), ''Audit quality and earnings management in France'',SSRN Electronic Journal, July.
40. Piot C., Schatt A. (2010), ''Comment renforcer la réglementation sur l'indépendance des auditeurs? Quelques leçons tirées du marché Français'', 31ème Congrès annuel de l'Association Francophone de Comptabilité, Mai, Nice, France.
41. Pittman J.A., Fortin S. (2004), ''Auditor choice and the cost of debt capital for newly public firms'', Journal of accounting and economics, 37, 113-136./////
42. Raffournier B. (1990). La théorie positive de la comptabilité: une revue de la littérature. Economies et Sociétés, 16 (11), 112-134.
43. Reichelt K., Wang D. (2010). National and office-specific measures of auditor industry expertise and effects on audit quality. Journal of Accounting Research, 48 (3), 647-686.
44. Reynolds J.K., Deis Jr D.R., Francis J.R. (2004). Professional Service Fees and Auditor Objectivity. Auditing: A Journal of Practice and Theory, 23 (1), 29-52.
45. Richard C. Reix R. (2002). Contribution à l'analyse de la qualité d'audit: le rôle de la relation entre le directeur financier et le commissaire aux comptes. Comptabilité Contrôle Audit, 8 (1), 151-174.

46. Saada T. (1994). Etude empirique des politiques comptables en France à la lumière de la théorie positive de la comptabilité. Annales du management, 131-158.
47. Schipper K. (1989). Commentary on earnings management. Accounting Horizon, 3 (4), 91-102.
48. Stolowy H., Breton G. (2003). La gestion des données comptables: une revue de littérature. comptabilité, contrôle, audit , 1 (9), 125-152.
49. Sweeney A., (1994). Debt covenant violations and managers' accounting responses. Journal of Accounting and Economics, 17, 281-308.
50. Teoh S. Wong T. (1993). Perceived Auditor Quality and the Earnings Response Coefficient. The Accounting Review, 68 (2), 346-366.
51. Vidal O. (2008). gestion du résultat et seuils comptables : impact des choix méthodologiques et proposition d'un instrument de mesure des irrégularités. thèse de doctorat en science de gestion, Ecole Des Hautes Etudes Commerciales, Paris.
52. Warfield T.D., JWild J.J., Wild K.L. (1995). Managerial ownership, Accounting choices and the informativeness of earnings. Journal of Accounting and Economics , 20, 61-91.
53. Watts R.L., Zimmerman J.L. (1986). Positive Accounting Theory Contemporary topics in accounting series. Prentice- Hall –Contemporary topics in accounting series.
54. Watts R.L. et Zimmerman J.L. (1981). The market for independance and independent auditors. Working paper. University of Rochester, NY.
55. Zehri F. (2007). La place de la qualité d'audit externe dans la gestion des résultats comptables: Cas des entreprises tunisiennes. thèse de doctorat en science de gestion . Institut supérieur de gestion en Cotutelle avec l'IAE, Mont-Pellier-II.